

**AFFORDABLE ASSISTED LIVING
DEMONSTRATION INITIATIVE**

**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
DEPARTMENT OF COMMUNITY HEALTH
DEPARTMENT OF HUMAN SERVICES
OFFICE OF SERVICES TO THE AGING**

REQUEST FOR CONCEPT PAPERS

DATE: August 4, 2006

SECTION I

General Information for Bidders

PROPOSAL DESCRIPTION/PURPOSE:

The Michigan State Housing Development Authority (MSHDA), together with the state Department of Community Health (DCH), the Department of Human Services (DHS) and the Office of Services to the Aging (OSA), seeks five or more concept papers to describe the construction, rehabilitation or retrofitting of Affordable Assisted Living projects (AALs) that will be made affordable to low and moderate income Michigan residents. A minimum of 20% of the units must be affordable to households with incomes of 50% of the area median income or less. This Assisted Living should include long-term care options on-site, nearby, or be linked to or part of a larger Continuing Care Retirement Community (CCRC) model of senior living. The selection of concepts to be funded will be determined by the options proposed to allow seniors to maintain independence in their own home or in the same neighborhood. Because this is a new senior housing option, MSHDA, DCH, OSA and/or DHS and those submitting concepts will work in partnership to craft housing plans and options to begin to create models of Affordable Assisted Living in Michigan. Mixed income developments are encouraged and segregation of low income housing from non-low income housing is not permitted. Special Medicaid waivers and new provisions may be required to complete this initiative.

The CCRC model is recognized as providing a range of housing and health care options serving senior households, possibly including but not limited to independent living, assisted living, home health care and licensed skilled nursing care on the same general site. Alternatively, a partnership with other entities providing extended services may be utilized. The specific care elements to be provided and linkages to other senior housing options are left to the applicant to define.

The conventional market is providing CCRCs for those senior households able to afford them. Such conventional CCRCs often include an up-front "buy-in" fee and monthly rent/service charges. In return, the conventional CCRC model often includes a guarantee for housing and service provision for the life of the resident, regardless of future ability to pay, given certain assumptions and constraints.

MSHDA has long been successful at financing independent and congregate rental properties affordable to low and moderate-income senior households. Often these households, when their care needs increase, must move to nursing homes based on an inability to afford skilled nursing

care or other assistance from a home health care provider, assisted living, or other options to have their needs met in a non-institutional setting. The specific housing and service provision model proposed must meet relevant state licensing standards, if applicable. This demonstration initiative seeks to combine affordable housing with access to Medicaid funding for the provision of home-based medical and non-medical services to seniors. Residential units funded under this demonstration must include both kitchen and bath facilities.

A critical component of successful projects will be the inclusion of the concept of “Person-Centered-Planning” (PCP).¹ Simply, PCP proposes to leave the maximum decision making capacity with the senior and their chosen advisors in terms of decisions related to the choice of supports coordinator, development of a supports plan, choice of service providers, and choice of residency. To this end, applicants must demonstrate how they will cooperate to ensure access to information about the range of housing choices and services to be provided as part of the overall application. Residents must be free to choose on or off site services for food, laundry, healthcare, etc., and cannot be required to use on-site services.

In order to demonstrate PCP principles, an applicant might include provision of written brochures and materials about the range of housing and service choices on-site and which, if any, services might be available to help keep seniors independent. It is hoped these pilot senior Affordable Assisted Living projects can serve as a resource for seniors throughout the community in which they are located, strengthen the linkages between local senior service providers, and foster cooperation with and complements to the local Area Agency on Aging.

Cooperation with Single Points of Entry: Single Points of Entry (SPE) is a pilot initiative by the Michigan Department of Community Health that began operation on July 1, 2006. Building on the desire to foster PCP described above, SPEs prescribe requirements for community involvement in the creation and governance of the initiative, collaboration with a wide range of stakeholders in the service provision and aging community and have at their core the desire to assist seniors to remain independent and in charge of decisions affecting their lives as long as possible. If proposals are within the geographic confines of a SPE, they must collaborate with and include the SPE as a partner in the application as it relates to the provision of services to Medicaid recipients. If your proposal is chosen as a demonstration AAL and a SPE is subsequently identified in your area, you must request that SPE participate in your project. Additional information related to the SPEs in Michigan can be found at the MDCH website here:

<http://www.michigan.gov/mdch>

The MDCH has identified the following “principles” regarding the use of the Medicaid waiver benefits, which must be adhered to in your application and subsequent use of the waivers:

1. There will not be separate Medicaid units. “Market rate” and “subsidized” units will be indistinguishable from each other in terms of physical attributes, layout, etc.
2. Services must be eligible for Medicaid reimbursement.
3. Service plans must be developed through a person-centered process.
4. Eligibility for the Medicaid waiver will be determined by a DCH designated agent.
5. Medicaid waiver beneficiaries must be afforded a choice of service providers. There shall be no prohibition against outside entities providing services in the development.

¹ Person Centered Planning is a process being introduced to Long Term Care by the Department of Community Health.

6. If a recipient with a waiver moves from the development, the recipient retains use of the waiver (if still eligible) and the development will be allowed to accept a new waiver-eligible recipient as a replacement for the recipient who left.
7. Advances of Medicaid reimbursement may be allowed based on a reasonable projection of service provision and cost but must be cost-settled on a quarterly or periodic basis.

Financing: MSHDA will provide financing through its tax-exempt and taxable direct lending programs that may be combined with federal HOME funds. Proposals submitted through the taxable program must compete for 9% tax credit allocations. Developments will be underwritten using the current parameters for these programs, available on MSHDA's website under the "Combined Application for Rental Housing Programs." If the proposal involves the partial or complete retrofit of an existing affordable senior facility, MSHDA may award a HOME loan or grant of up to \$1.5 million to help cover the cost of the rehabilitation efforts.

Medicaid Waiver: The Michigan Department of Community Health has committed up to 380 Home and Community Based Medicaid Waiver slots (approximately \$6 million in project-based Medicaid funding) for residents of these proposed AAL projects in order to assist with the cost of health services and supports. Residents must meet Medicaid income and functional eligibility and health screening criteria. This screening is done by SPEs or waiver agents in most situations. Service providers must meet Medicaid provider standards and understand the limitations of allowable benefits. The purpose of this allocation is to allow residents of these AAL projects who are or who become Medicaid eligible to receive long term care Medicaid health and support services within the matrix of services provided, contracted, or arranged for by the DCH designated waiver agent. This MDCH Medicaid commitment helps to foster the goal of supporting elderly residents to maintain independence.

Meal Service: Assisted Living typically involves the provision of meals on site. The Food Assistance Program is available to those residents meeting income criteria for that program. The Food Assistance Program, commonly known as "food stamps," can be used to purchase food at stores or through congregate meal sites, if the necessary technology is secured from the United States Department of Agriculture (USDA). Various eligibility requirements for the Food Assistance Program can be found online at:

http://www.michigan.gov/dhs/0,1607,7-124-5453_5527-21832--,00.html

Developers interested in encouraging residents to use Food Assistance can partner with a new demonstration program called "MiCAFE." MiCAFE was piloted in Genesee County and subsequently expanded to include Branch, Cass, Eaton, Gratiot, Kalamazoo, Emmet, St. Joseph and Wayne Counties. It seeks to increase seniors' participation rates in the Food Assistance Program. It is expected that any concept paper from a MiCAFE county will address the use of this resource in its application. To the extent that MiCAFE expands beyond these counties, other applicants should investigate participation or cooperation with this program. Further information is available at www.micafeonline.org or by calling Elder Law of Michigan at 517-485-9164.

Food assistance is primarily a benefit for individuals to use to purchase food, not prepared meals. To become a congregate meal site that accepts Food Assistance via Bridge Cards, special arrangements will need to be made with the local Area Agency on Aging and the USDA.

Geographic Distribution: The demonstration has commenced with a CCRC proposed in East Lansing that has served as a working example to launch the collaborative process supporting

this initiative. Because the state entities involved consider this initiative to be a demonstration project, and hope to learn from various models, we intend to select at least one qualified AAL demonstration in Detroit, at least one in a predominately rural area of the state, and the remaining demonstrations according to the relative strength of concept papers received.

Evaluation Efforts: Sponsors of selected demonstrations must commit to engage in an evaluation of the demonstration program, and agree to cooperate with MSHDA and other partners in the future to perform any evaluation functions deemed appropriate to assist with the replication of this model. This may include the collection of data beyond what is generally collected and reported as part of standard MSHDA loan oversight. This evaluation effort will be discussed and negotiated during the mortgage underwriting process.

INCURRING COSTS:

The State of Michigan is not liable for any costs incurred by applicants during the application process. Selected applicants will be required to meet MSHDA's current underwriting guidelines for the applicable mortgage product they intend to use for financing. Costs related to the administration of Medicaid Waivers are also not reimbursable until a contract with the DCH is signed.

Notice of successful application for this AAL demonstration model does not guarantee a successful MSHDA mortgage loan.

PRE-SUBMISSION QUESTIONS:

All questions concerning this demonstration project must be in writing and submitted to MSHDA. E-mailing questions is preferable; they should be directed to Gabe Labovitz at labovitzg@michigan.gov. Written answers to questions will be collected and provided to ALL known prospective bidders. Questions submitted during the last SEVEN calendar days before the due date may not be answered.

MSHDA and the other state partners will convene a meeting on **August 30, 2006, 1:00** at MSHDA's office in Lansing to allow prospective applicants to ask questions of state partners to clarify issues of concern. All applicants who may apply are strongly encouraged to attend this meeting. We recommend you also research programming and assistance that may be made available from your local Area Agency on Aging, and reference Single Points of Entry, it at all possible in your proposal.

PROPOSALS:

The proposal must include a statement regarding the intent and ability of the applicant to pursue funding and implement the proposed AAL demonstration. It is expected that selected applicants will have the technical capacity to carry out the project significantly as proposed. Changes in the design, layout or services to be offered are discouraged, and will require involvement and approval by any or all state partners.

FOLLOW-UP DISCUSSION:

Applicants may be requested to provide follow-up information about their concept, either orally or in written format. This follow-up, if warranted, will provide an opportunity for both parties to clarify their intent, if necessary, with regard to this AAL initiative.

ACCEPTANCE OF CONCEPT PAPER CONTENT:

Successful selection of an AAL demonstration shall become binding insofar as the applicant and their partner organizations must commit to follow through on the application for, and if a mortgage is made, development of the senior housing and service provision. MSHDA, DCH, OSA or DHS staff will make every effort to assist successful applicants as they assemble their application package(s) for MSHDA and other financing, and commit to working with applicants to the extent possible.

ECONOMY OF PREPARATION:

Each proposal should be prepared simply and economically, providing a straightforward, concise description of the bidder's ability to meet the requirements of the demonstration. Extravagant presentation, such as bindings, color displays, promotional material, etc., will receive no evaluation credit. Emphasis should be on completeness and clarity of content.

SELECTION CRITERIA:

A panel consisting of staff from MSHDA, DCH, DHS and OSA will review proposals received. Proposals will be evaluated on the following criteria:

Threshold Criteria:

- **Feasibility of Proposal:** Costs appear to be reasonable and an efficient use of resources, as demonstrated by a preliminary pro forma. A preliminary market analysis or feasibility study confirms the mix of housing and service options, based on size of development, can be financially viable and sustainable long term. **(No points; this is a threshold standard that must be met)**
- **Medicaid Approved Home Health Care Providers:** Are the proposed providers approved by Medicaid? This presupposes a minimum standard of care and capacity to deliver in-home services to seniors. **(No points; this is a threshold standard that must be met)**
- **Affordability:** Minimum of 20% of units affordable to households at 50% of area median income. **(No points; this is a threshold standard that must be met)**

Scoring Criteria:

Development Team Capacity:

- **Experience of Sponsor and Partners:** Evidence of successful provision of housing and services to senior populations. Show examples, provide references, call out case studies, whatever means you believe best show your capacity to incorporate and deliver the specifics of your AAL project. **(19 Points)**
- **Competency in Underwriting:** Ability of applicant to successfully underwrite a senior proposal with MSHDA, including an acceptable development team and management company. Evidence of site selection/control. Site represents a "positive" residential environment, including walkability, proximity to needed goods and services, medical care, availability of public transit, etc. Preliminary site design and layout, with emphasis placed on barrier free designs and universal design principals will be considered in this factor, as well as environmental factors. **(14 Points)**

Partnerships Created/Impact on Seniors Quality of Life:

- Partnerships Created or Expanded: Demonstrate involvement in the planning process of local senior citizens, senior citizen advocacy groups, aging network and community service organizations, disability network, the local Area Agency on Aging, and/or MiChoice Waiver Agent. Describe the partnerships to be created or expanded in the proposed demonstration. In what ways will such creation/expansion take place? Can you positively identify these partnerships? The more firm these partnerships or commitments can be shown to be, the better. Partnering with a hospital or other licensed health care provider is crucial, as people often go from independent living/congregate facilities into hospitals, and are in turn discharged from hospitals. **(19 Points)**
- Comprehensiveness of Senior Housing, Service and Support Options: Describe the health, mental health, community, and in-home social and day-to-day living services available or in close proximity to allow seniors to successfully maintain independence. **(14 Points)**

Miscellaneous Criteria:

- Local Contributions: Provide detail on donated land, tax abatement, infrastructure improvements, local provision of Section 8 Housing Choice Vouchers, etc. Again, the more firm such contributions can be shown to be, the stronger your application will be viewed. **(10 Points)**
- Income Targeting Proposed: How many units are to be targeted to low and moderate-income senior households? How deep is the income/rent targeting proposed to be? How many units will shelter seniors that meet Medicaid income/medical needs criteria? DHS Food Assistance Program eligibility? What subsidies or other resources may be made available to increase affordability for residents? **(14 Points)**
- Replicability of Demonstration Project: Will the demonstration advance our understanding of how to provide housing and services to low and moderate-income senior residents? Will the proposal be readily replicable? Will the model transfer to similar communities? Does the model include expanding existing partnerships with service providers, creating new partnerships, other? If the proposal is for the retrofit of an existing senior property, how can this (retrofit) process best be replicated elsewhere? How would you propose documenting lessons learned? **(10 Points)**

CHANGES IN DEMONSTRATION:

Changes in the Demonstration as the result of a response made to questions or concerns or through correspondence will be put in writing to all known bidders and posted on our website until seven working days prior to the concept due date. MSHDA will make every effort, but does not commit, to answering questions during the last seven working days prior to the concept due date.

DISCLOSURE:

All information in an applicant's proposal is subject to disclosure under the provisions of Public Act 442 of 1976, commonly known as the "Freedom of Information Act". This act also provides for the complete disclosure of documents and attachments hereto.

SECTION II

Information Required from Applicants

Proposals must be submitted in the format described below. There should be no attachments, enclosures or exhibits other than those considered by the applicant to be essential to a complete understanding of the proposal. Each section must be clearly identified with appropriate headings.

BUSINESS ORGANIZATION:

State the full name and address of your organization and, if applicable, the branch office or subordinate element that will perform, or assist in performing, the work described. Indicate whether it operates as an individual, partnership, corporation or a Limited Liability Company. If as a corporation, include the state in which it is incorporated. If applicable, indicate if it is licensed to operate in the State of Michigan.

Include similar identification for all proposed service providers. State whether the service providers have the capacity to perform the services identified and why you believe this to be the case. Include relevant references or case studies of such efforts for each service provider, including name of site, address, services provided and a contact that can address questions or concerns about the providers' ability to fulfill such service obligations.

CONCEPT DESCRIPTION:

- **Narrative:** Include a narrative summary description of the concept, including the total number of assisted living units proposed. Include a pro forma for housing development costs and residential rents and rental operating costs. Use MSHDA's electronic version of a pro forma. Identify the amount of HOME funds and MSHDA financing (tax-exempt or taxable) anticipated.
- **Description of Services to be Provided, Partnerships to be Engaged:** Provide a description, with all appropriate identifying documentation, of the services to be provided, by what service providers and their credentials/licensure, at what cost and when such services are expected to be made available. References are critical. While confirmation of such partnerships is not required at this stage, such partnership confirmation will be required to move forward, and the more firm such partnerships can be shown to be, the greater comfort the review panel will have with your application. Letters of support from partnering agencies would be considered a minimum element for this issue. If partnerships are not secured before the financing can be finalized, MSHDA reserves the right to delay or deny the project. If applicable, include license or certification number(s).
- **Prior Experience:** Indicate prior experience of your firm and partner firms that you consider relevant to the successful accomplishment of the project defined by this Demonstration. Include sufficient detail to demonstrate the relevance of such experience. Again, references are critical.
- **Timeline:** Include a timeline of when you propose to meet selected benchmarks in the process. Examples include meeting with MSHDA and other state staff to discuss the

concept in depth, when you propose to submit the proposal for Initial Determination, when the proposal might reasonably be expected to be submitted for final Underwriting and be presented to the MSHDA Board, when initial closing might occur, the date of construction and the date of initial occupancy.

- Bidder's Authorized Expediter: Include the name and telephone number of person(s) in your organization authorized to expedite this process with MSHDA, DCH, DHS and OSA.
- Additional Information and Comments: Include any other information that is believed to be pertinent but not specifically asked for elsewhere.

CONCEPT SUBMISSION:

Submit *eight* copies of your concept paper. Papers must be received by **5:00 PM, September 29, 2006**. It is anticipated the MSHDA/DCH/DHS/OAS review will take six weeks and the selected proposals will be announced on November 13, 2006.

Address for proposals submitted by Contract Carrier, Courier Delivery, or Personal Delivery is:

Gabe Labovitz
Michigan State Housing Development Authority
735 E. Michigan Avenue
Lansing, MI 48912

Proposals submitted through U.S. Postal Service should be addressed as follows:

Gabe Labovitz
Michigan State Housing Development Authority
P.O. Box 30044
Lansing, MI 48909

The Michigan State Housing Development Authority is within the state Department of Labor and Economic Growth. Section 209 of Public Act 156 of 2005 states: "Preference should be given to goods or services, or both, manufactured or provided by Michigan businesses if they are competitively priced and of comparable quality."